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CENTRAL

INTELLIGENCE

BULLETIN



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State Department review completed

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Brazil: President Goulart's reshuffled cabinet will probably do nothing to halt Brazil's drift to the left.

Goulart has once again performed a balancing act designed to satisfy a wide range of political elements in hopes of easing his immediate personal political difficulties. The combination, however, seems unlikely to be more effective than previous cabinets and appears to be vulnerable to continuing pressures from the left.

Of the ten civilian appointees proposed by Goulart, at least four are inclined to a leftward course while most of the others are unlikely to oppose it effectively. The most extreme of these is the new foreign minister-designate, Evandro Lins e Silva, who has a long record of pro-Communist activity. Another extremist is the new Education Minister who is the leader of the Communist-leaning wing of the Christian Democrats.

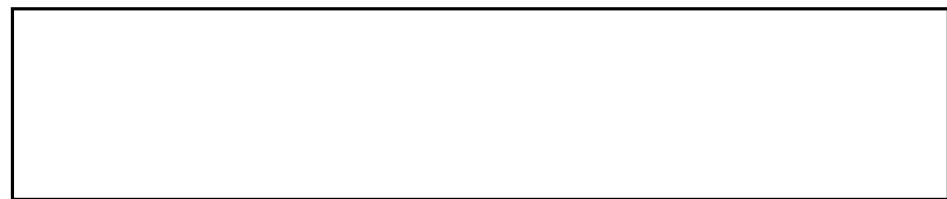
On the other hand, pro-Communist Minister of Labor Almino Afonso has been replaced by a centrist. This move, however, seems to have been motivated more by Goulart's concern over Afonso's increasingly independent behavior than by a divergence in political points of view.

Also on the conservative side among appointees to the cabinet is Carvalho Pinto, ex-governor of Sao Paulo, as Finance Minister.

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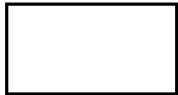
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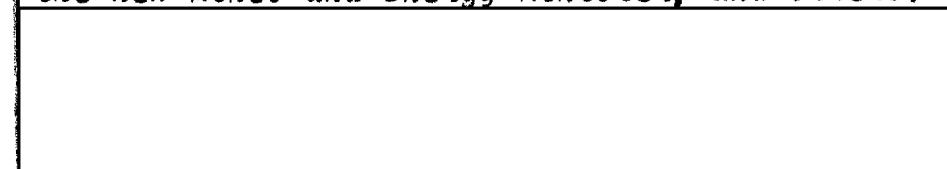
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NOTE: [The Director of Intelligence and Research, Department of State, can agree that the recent cabinet changes in Brazil mark a further and serious deterioration in Brazil's political situation; he cannot agree with the conclusion that this shift is part of a steady progression to the left. The Director believes that the cabinet changes were one more instance of Goulart's practice of balancing one political group with another. Previous cabinets have lacked an overall ideological coloration, being composed of elements representing nearly all sectors of political opinion. The Director would give more weight than does the item to the importance of non-extremist elements in the new cabinet, particularly the three military appointees, the new Finance Minister, the new Mines and Energy Minister, and others.

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*Greece: The Greek political situation has been further confused by opposition Center Union leader Papandreu's announcement that his party will vote against the caretaker government formed on 19 June by Panayotis Pipinelis, and will boycott any elections the new government holds.

Papandreu cannot prevent the new cabinet from taking office, since Pipinelis is supported by former premier Karamanlis' National Radical Union (ERE), which has a majority in Parliament.

However, Papandreu will be joined in opposition by the left-wing United Democratic Left (EDA) and the small Progressive Party. This array may seriously jeopardize the chances of holding elections in any reasonably calm atmosphere. A boycott of the elections would re-establish the de facto Center Union - EDA alliance which was broken in the political maneuvering of the past week.

Papandreu had earlier indicated that he would support a government headed by Pipinelis, and would endorse its pledge to take responsibility for the royal visit to the UK and to change the present electoral law. However, Papandreu made this statement before the actual composition of the new cabinet was announced. Although it is composed, apart from Pipinelis himself, of "nonpartisan" personalities, several of its members were participants in the caretaker cabinet which managed the disputed election of 1961, and Papandreu may feel that this cabinet would favor the ERE.

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Iran: The Iranian Government continues to pursue a cautious and ambivalent policy toward the Kurdish problem in Iraq.

An Iranian Foreign Ministry official has told the US chargé in Tehran that orders have been given the Iranian frontier authorities quietly to tighten border controls. This step was taken, he said, to remove the basis for Baghdad's impression that widespread assistance was reaching the Iraqi Kurds from Kurdish areas in Iran.

The Kurds themselves have come to believe that substantial aid would reach them from Iran, and Iranian aid and contact with them are not likely to be cut off entirely. While Tehran is concerned that the fighting in Iraq might excite active dissidence among its own Kurds, it is interested in keeping Kurdish resistance alive in Iraq as a counterforce to pan-Arabism, which the Iranians regard as an even more serious threat than Kurdish nationalism.

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NOTES

China-USSR: Despite the recent indications of continued and even increasing hostility between the two parties, there appears little likelihood that the 5 July meeting will not be held as scheduled. The 14 June letter from the Chinese party was clearly intended to gain all possible support in the world Communist movement for Peiping's maximum negotiating position, not to force a cancellation of the negotiations. The Soviet party central committee statement recording receipt of the letter, but explaining the Soviet reasons for not publishing it, twice explicitly referred to the forthcoming 5 July meeting, and Peiping published this statement in full on 19 June.

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Turkey: Further cabinet shifts, including the replacement of Foreign Minister Erkin, appear likely in the near future. Like five cabinet changes made earlier this month, they probably would reflect little more than intraparty adjustments. The military, however, may regard further changes as indicating that the Inonu government is basically unstable and therefore cannot readily restore popular confidence or move ahead with economic development--tasks that younger officers in particular regard as essential.

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